

# Introduction to IDEA Funding

*Individuals with Disabilities Education Act*

**Federal Funding Conference**  
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**PUBLIC INSTRUCTION**  
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# Excess Cost of Special Education

- Direct costs that are incurred when providing special education instruction and related services.
- Costs are generated by the unique needs of the students with IEPs.
- If the school or district had no students with disabilities enrolled, the cost would not exist.



# Guiding “Excess Cost” Questions

- 1) In the absence of students with IEPs, would this cost still exist?

*If the answer is...*

- ❖ YES, then the cost is not an excess cost of special education
  - Example: Homeroom Teacher
- ❖ NO, then the cost may be an excess cost of special education
  - Example: Learning Disabilities Teacher

# Guiding “Excess Cost” Questions

2) Is this cost also generated by students without IEPs?

*If the answer is...*

- ❖ YES, then the cost is not an excess cost of special education
  - Example: Core reading curriculum
- ❖ NO, then the cost may be an excess cost of special education
  - Example: Supplemental reading toolkit to core curriculum

# Guiding “Excess Cost” Questions

3) If it is a child specific service, is the service documented in the student's IEP?

*If the answer is...*

- ❖ YES, then the cost may be an excess cost of special education
  - Specialized transportation identified as a need
- ❖ NO, then the cost is not an excess cost of special education
  - Specialized transportation is not identified as a need

# Accounting for Excess Cost

Fund 27 – A segregated area used to hold all costs and revenue generated only by special education.

Project Codes – Tags given to *each* expenditure in Fund 27 to identify how it will be funded.

## Project 019

**Costs that will be paid for using local funds only**

## Project 011

**Costs initially paid using local funds, but will then be partially reimbursed with state aid or Medicaid**

## Project 340

**Costs that will be paid for by the IDEA grants**

## Local

- Tax base
- Covers the majority of special education expenditures

## State

- Categorical Aids
- High Cost fund

## Federal

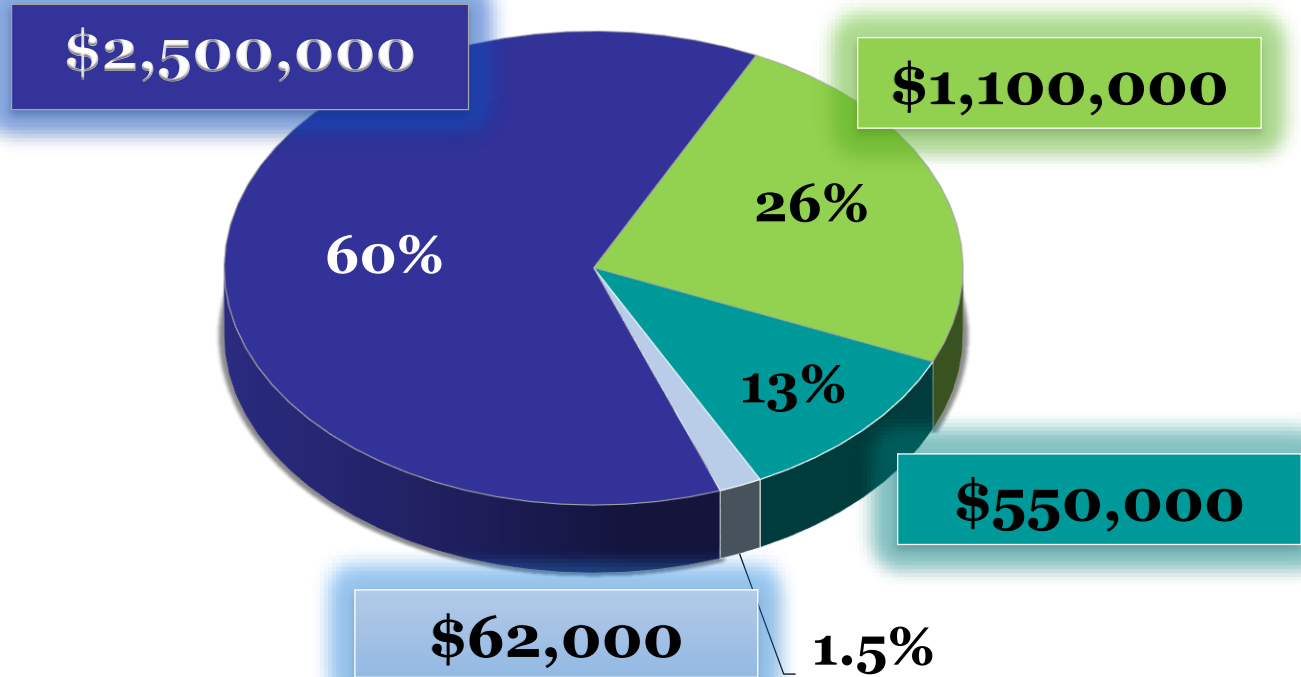
- IDEA Formula
- High Cost fund
- Medicaid

**Funding source  
break down for  
an LEA with a  
total student  
population  
of 3,400**

**For this LEA,  
special  
education costs  
for a fiscal year  
totaled  
\$4,200,000**

## **Special Education Funds**

■ Local ■ State ■ IDEA ■ Medicaid





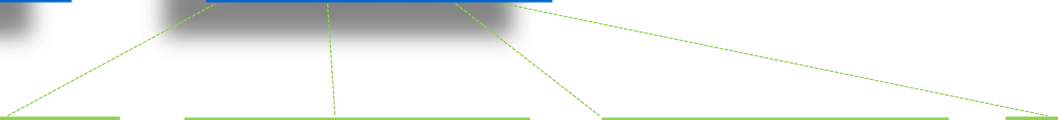
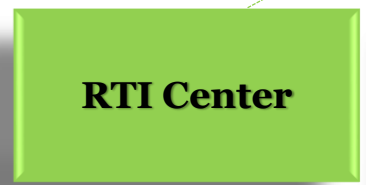
# IDEA – The Funding Source

US Department of Education grants IDEA Part B funds to Wisconsin's State Education Agency (which is DPI).

DPI subgrants IDEA funds to approximately 440 agencies:

- ❖ Flow-through Formula (FT)
- ❖ Preschool Formula (PS)
- ❖ High Cost Aid
- ❖ Discretionary Statewide Initiatives





**Formula funds under IDEA are awarded on a non-competitive basis for programs and services to students with disabilities.**

### **Preschool (PS)**

Provides funding for special education services to children ages 3 to 5.

### **Flow-through (FT)**

Provides funding for special education services to children ages 3 to 21.

## **Types of IDEA Formula Grants**

**In Wisconsin,  
the “LEA” with  
FAPE  
responsibility  
is the only  
subrecipient of  
the IDEA  
formula  
grants.**

Under Wisconsin statute, the following agencies are responsible for FAPE (a free appropriate public education for students with disabilities):

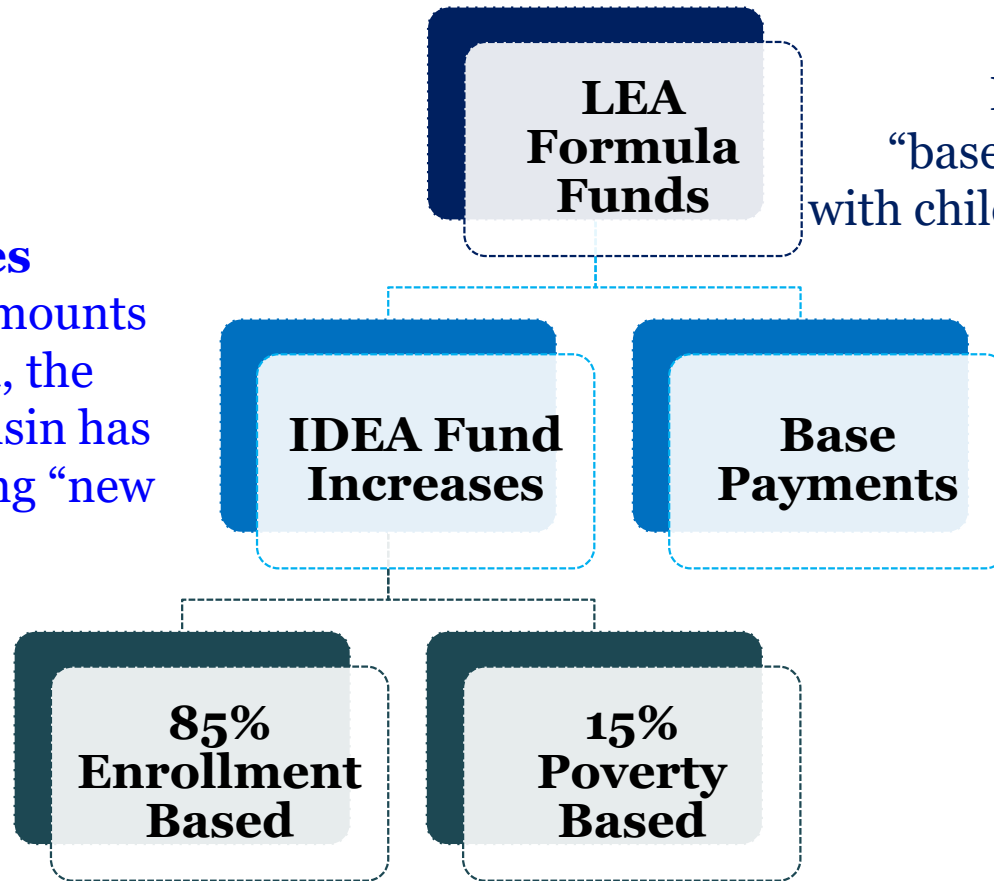
- School districts
- Independent charter schools
- Department of Corrections
- Department of Health Services

Other agencies, such as CESAs and CCDEBs, are not responsible for FAPE and are thus not eligible for IDEA formula funding.

**IDEA Formula Grant Eligibility**

## IDEA Increases

Since the base amounts were established, the award to Wisconsin has increased creating “new funds.”



## Base Payments

Each LEA generates a “base amount” established with child count data reported in the late 1990s.

## 85% Enrollment & 15% Poverty Count

IDEA funds not obligated for base payments are distributed based on an LEA’s total student enrollment and the number of students living in poverty.

**This is an example of an LEA's allocation calculation for IDEA flow-through funds.**

Base Pay Amount	Total Student Enrollment	US Census Poverty Count	Total FT Allocation
Based on 1999 Child Count	85% of the new funds	15% of the new funds	Base + New Money
66 Students	4,500 Students	1,000 Students	
\$150,000	\$310,000	\$50,000	\$510,000

# IDEA Formula Grant Availability

**Each Formula Award –  
Available for 27 Months**

**Award Period:  
12 months  
(Oct. 1 – Sept. 30)**

**Forward Funding:  
3 months  
(July 1 – Sept. 30)**

**Tydings Period:  
12 months  
(Oct. 1 – Sept. 30)**

# Obligation Period

Obligation: A transaction that requires payment.

“Obligation Period”: The same as the 27 months of grant availability.

Obligations, however, are booked in the fiscal year in which they occurred.



# Obligation Period Examples

## ❖ Allowed Grant Charge:

- Transaction on August 15, 2018; Grant began on July 1, 2018.

## ❖ Not Allowed Grant Charge:

- Transaction occurred on June 25, 2018; but Grant does not begin until July 1, 2018.
- Transaction occurred on October 15, 2018; but Grant ended on September 30, 2018.

## ❖ Obligation within a Fiscal Year:

- CORRECT - Transaction on August 25, 2018; booked in fiscal year 2018-19; claimed on fiscal year 2018-19 IDEA flow-through claim.
- NOT CORRECT – same transaction, but claimed on the September 30<sup>th</sup> final IDEA flow-through claim for fiscal year 2017-18.

# An LEA's Obligation Period

**Begins on July 1**

*if...*

***LEA submits IDEA application in  
substantially approvable form  
by July 1***

# “Substantially Approvable Form”

## IDEA Grant Assurances

- ❖ Submitted by July 1
- ❖ Electronically signed by a District Authorizer in WISEgrants

## IDEA Budgets – Flow-through & Preschool

- ❖ Submitted by July 1
- ❖ Submitted through WISEgrants

Standard is “Submitted” – not “Approved”

# Assurances signed August 1

## AVAILABILITY OF FUNDS

July 1, 2017 – September 30, 2019

## OBLIGATION PERIOD

August 1, 2017 – September 30, 2019

**Cost A**  
*July 15*

NOT  
ALLOWED

**Cost B**  
*August 15*

ALLOWED

# IDEA Formula Carryover Rules

Each federal funding source has its own rules on:

- ❖ Funding Availability
- ❖ Carryover

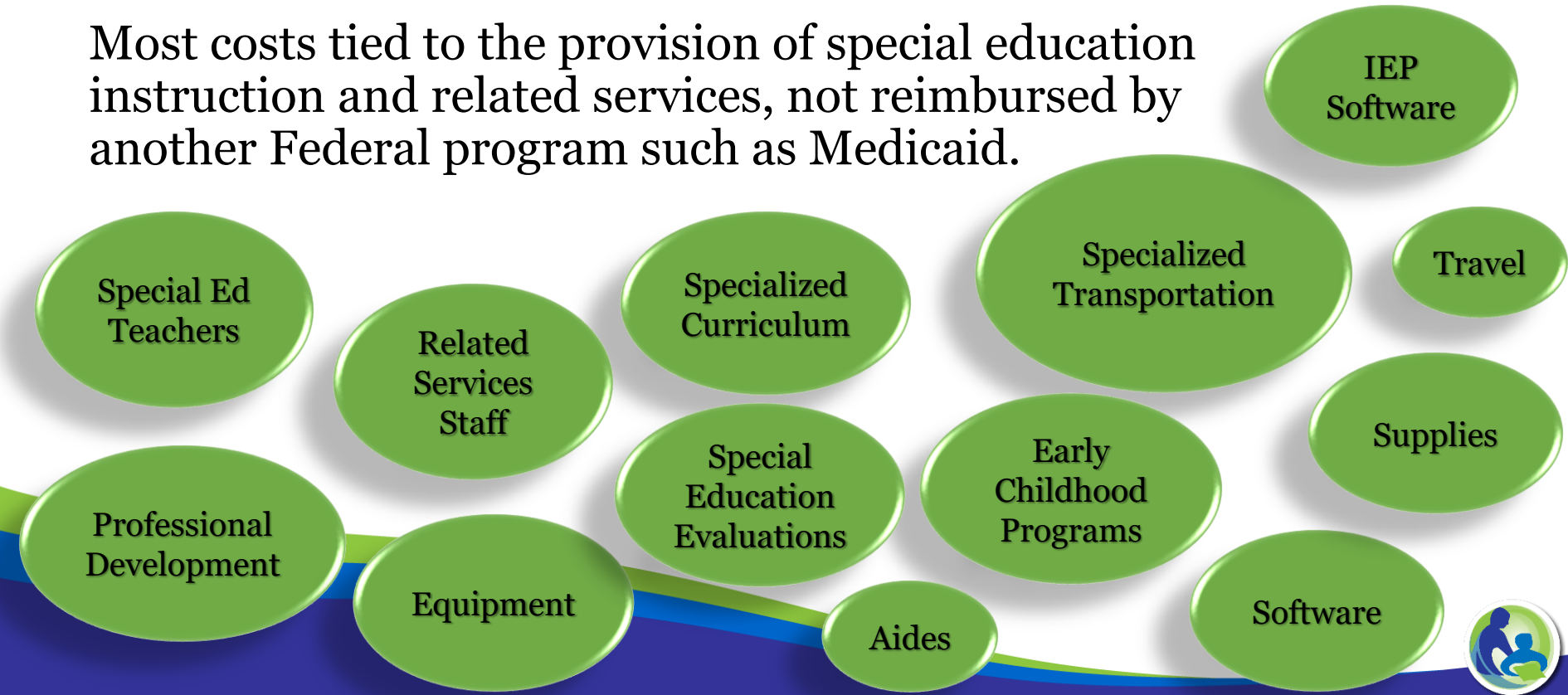
IDEA's formula funding rules:

- ❖ Funding is available for 27 months.
- ❖ Total amount of allocation is available for the 27 months.
  - No limit on the amount of unspent funds that “carry over” into the next fiscal year.

TA: [goo.gl/UrtsDM](https://goo.gl/UrtsDM)

# Allowable IDEA Formula Costs

Most costs tied to the provision of special education instruction and related services, not reimbursed by another Federal program such as Medicaid.



# Not Allowed on the Formula Grant

Costs generated when providing general education to all students, not just students with IEPs.

- ❖ Core curriculum
- ❖ Student transportation





Services that a district would normally provide for all students (a safe environment, heat, janitorial services, utilities, general education instruction) are not an “excess cost” of special education and thus not allowed as IDEA grant expenditures.

# IDEA Formula Allowable Costs

The “IDEA Allowables” technical assistance document lists over 100 items that can and cannot be charged to the IDEA formula grants.

The document often maps where the item can be located in the web-based IDEA formula application (WISEgrants). The Allowables document is updated on a regular basis.

URL: [goo.gl/y1zhCp](http://goo.gl/y1zhCp)

Symbol	Budget Item	Special Requirements or Additional Information
	<b>ADAPTIVE EDUCATION - Physical Education, Music, or Art:</b> Salary and benefits of staff employed by an LEA, CESA or CCDEB.	The salary and benefits of a teacher holding a DPI license ‘1860’ for Adaptive Physical Education or ‘1859’ for Art or Music - Special Education are allowed for the time the teacher provides instruction to students with disabilities per the student’s IEP requirements.   Adaptive education provided by a private contractor (object 370) is not eligible for IDEA or state special education categorical aid.
	<b>ADVERTISING:</b> Costs associated with advertising in media such as newspapers, radio and television, direct mail, or electronic.	Allowed for IDEA-related recruitment of personnel, procurement of goods and services, child find activities, and other specific purposes necessary to meet the requirements of the IDEA grant.  <b>WISEgrants Budget Location:</b> Advertising for Child Find activities <i>Budget Section:</i> Purchased Services <i>Type of Purchase:</i> Communication <i>Purchase Detail:</i> Child Find Activities (Object 350)  Advertising for staff recruitment <i>Budget Section:</i> Purchased Services <i>Type of Purchase:</i> Communication <i>Purchase Detail:</i> Advertising (Object 351)
	<b>AIDES:</b> Salary and benefits of staff employed by an LEA, CESA or CCDEB as well as private vendor contracted staff.	Individuals acting as special education aides must have, at a minimum, a DPI license ‘0070’ (Special Education Program Aide). However, a Special Education Program Aide license is <b>not</b> required if the individual holds <u>any</u> other valid DPI license. The special education aide licensure rule applies to LEA employees and contracted individuals, even if short-term or subbing.  Click on the link for the list of <a href="#">allowed private vendor personnel contract costs</a> eligible for IDEA or state special education categorical aid.  <b>WISEgrants:</b> Click on the link for the location of all items related to <a href="#">special education aides</a> within the IDEA budgets.



# “Allowed” Contracting Costs

LEAs may contract with a CESA, CCDEB, or another LEA for any special education services.

LEAs may contract with a private vendor for services provided directly to the student (these are Wisconsin limitations, not federal):

- ❖ Nursing, Occupational and Physical Therapy
- ❖ Audiology Services and Educational Interpreters
- ❖ Speech / Language
- ❖ Orientation and Mobility Instruction
- ❖ Transition Services for 18 to 21-year-olds.
- ❖ Paraprofessionals and Substitute Teachers

# Private Vendor Contract Costs

LEAs may **NOT** contract with a private vendor for services provided directly to the student in:

- ❖ Psychological Services
- ❖ Autism Services

LEAs may **NOT** contract with a private vendor for the following positions:

- ❖ Teachers
- ❖ Guidance Counselors
- ❖ Social Workers

# Not So Common “Allowed” Costs

- Paying parents for the costs of specialized transportation.
- Early Childhood placements at private daycares (for the portion of time the student receives special education services).



# Common “Unallowed” Costs

- Medicaid billing costs (like MJ Care)
- Music therapy provided by a private vendor
- Inappropriately licensed staff
- Prorating equipment
- Remodeling for ADA purposes only
- Instructional contracts with private vendors

# Not So Common “Unallowed” Costs

- Costs for expulsion hearings
- Costs of legal fees for due process
- Costs for providing related services under a 504 plan (student does not have an IEP)



# CLERICAL STAFF (§200.413(c))

Clerical staff should normally be charged as an indirect cost, however, can be charged as a direct cost if:

- (1) administrative or clerical services are integral to a project or activity;
- (2) individuals involved can be specifically identified with the project or activity;
- (3) such costs are explicitly included in the budget; and
- (4) the costs are not also recovered as indirect costs.

# Personnel Monitoring Focus

Typical multiple cost objective full-time positions:

- ❖ Secretaries / Assistants
- ❖ Fiscal staff
- ❖ Related Services staff (social workers, guidance counselors)
- ❖ IT Staff

When there is no “schedule,” how will a person’s effort be determined and supported?

There must be supporting documentation that accurately reflect the work performed.

# Personnel Monitoring Focus

## Typical Multiple Cost Objective Positions

- ❖ Subrecipient must have a process that provides reasonable assurance that the charges are accurate, allowable, and properly allocated.
- ❖ Be incorporated into the official records of the subrecipient.

Nothing less will be acceptable – if the subrecipient wishes to charge this type of position to the grant, the supporting documentation *must* meet these standards.



# SHORT-TERM EMPLOYEES

Individuals who complete time sheets or other documentation for compensation.

- ❖ Substitute Teachers and Paraprofessionals
- ❖ Tutors and Mentors
- ❖ Extended School Year Services and IEP Activities

Their documentation for compensation will suffice for time and effort documentation (if addressed in the LEA's procedures).

- ❖ Be sure you can demonstrate how the amount charged to the grant aligns with the compensation documentation!

# Property Management

Know what was purchased with IDEA funds.

- ❖ And the items align with an approved grant budget

Know where it is located.

Know how it is being used.

# Property Disposal

Equipment purchased with IDEA funds must be used by the program as long as the program need exists. To “dispose” of equipment, the LEA must determine that the special education program no longer needs the item.

Using a vehicle as an example, factors such as age and size of the vehicle are taken into consideration. But the LEA may not re-purpose a vehicle for general education use and purchase a new vehicle with IDEA funds simply because the funds are available to do so.

# Property Disposal

Items with a per unit value of less than \$5,000

- ❖ Is the item no longer needed by the program?  
Document the reason why it is no longer needed.
- ❖ Options –
  - Give to another school district (equipment follows student)
  - Give to another federal program (Title I)
  - Give to general education
  - Sell (book any revenue in Fund 27)
- ❖ Always document how the item was disposed.

# Property Disposal

## Items with a per unit value greater than \$5,000

- ❖ Document the reason why the equipment is no longer needed by the program.
- ❖ Regardless of how the equipment is disposed, the fair market value of the equipment must either –
  - Be booked as revenue in Fund 27 (reinvested in Special Education); or
  - Returned to DPI (which will be sent to US Department of Education)
- ❖ It does not matter the cost of the equipment when purchased, only the value at the time of sale.
  - A vehicle purchased for \$15,000 must still be worth at least \$5,000 at time of sale to require the fair market value reinvestment.

# Supplement / Not Supplant

Definition: Replacing previously locally funded costs with federal dollars.

For special education, there is no supplement / not supplant provision with IDEA funds *if* an LEA is meeting the IDEA maintenance of effort requirement.

❖ This means an LEA has the flexibility to switch funding for a position or purchase, example:

2016-17 – Lisa Johnson, LD Teacher, paid locally (state aid eligible)

2017-18 – Lisa Johnson, LD Teacher, paid with IDEA flow-through

# Equitable Services

If there are private schools in the LEA's jurisdiction, then the LEA must set-aside IDEA funds annually to spend on special education services for students with disabilities placed in private schools by their parents.

The calculation and services are based on the location of the private school and not based on a student's residence (different than Title I's equitable services).

# Maintenance of Effort

- ❖ LEAs – IDEA requires that LEAs must budget and expend the same amount of local funding for special education as it expended in a previous fiscal year. (34 CFR §300.203)
- ❖ Failure to comply results in a payback of local funds equal to the amount of effort not maintained.
  - LEA fails to maintain local effort by \$10,000.
  - LEA must pay back, in local funds, \$10,000.



# Accounting for IDEA Expenditures

Fund: 27

Project Code:

- ❖ 341 – Flow-through
- ❖ 347 – Preschool

Revenue Source:

- ❖ 730 - Federal Special Projects Aid Transited Through DPI

CFDA:

- ❖ 84.027 – Flow-through
- ❖ 84.173 – Preschool

# IDEA Application Process

## WISEgrants Web Portal:

- ❖ Federal grant assurances
- ❖ Determine equitable services set-aside
- ❖ Flow-through and Preschool Budgets
- ❖ Flow-through and Preschool Claims

# Additional Technical Assistance

## **IDEA Formula Grants Allowable Cost Technical Assistance Page**

<https://dpi.wi.gov/sped/educators/fiscal/allowable>

## **IDEA Formula Grants Budget Application Technical Assistance Page**

<https://dpi.wi.gov/sped/educators/fiscal/idea-wisegrants>

## **Claiming IDEA Formula Grants Technical Assistance Page**

<https://dpi.wi.gov/sped/educators/fiscal/claims>

